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INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 65-16

June 24, 1965

TAXPAID DISTILLED SPIRITS RETURNED TO BONDED PREMISES

Proprietors of Distilled Spirits Plants
and others concerned:

This circular is issued to advise you of two changes in Chapter 51, I.R.C., made by the Excise Tax Reduction Act of 1965, Public Law 89-44, which are effective on and after July 1, 1965.

Section 805(a) of the Act amended section 5008(d)(2), I.R.C., by removing the requirement that taxpaid distilled spirits, found to be unsuitable for the use for which intended, must be returned to the bonded premises of a distilled spirits plant within six months of the date of their withdrawal in order to be eligible for allowance of credit or refund of the tax. Thus, taxpaid distilled spirits returned to bond pursuant to section 5215, I.R.C., on and after July 1, 1965, may be eligible for allowance of credit or refund of the tax even though withdrawn on determination of tax more than six months prior to their return.

Section 805(c) of the Act amended section 5215(a), I.R.C., by authorizing the return of taxpaid spirits to bonded premises of a distilled spirits plant for immediate destruction. This authorization for return to bond for destruction is an additional option. Existing options set forth in section 5215(a), I.R.C., to immediately redistill, denature, or mingle returned spirits continue in effect, and in addition, such spirits returned to bond on and after July 1, 1965, may be immediately destroyed.

A Revenue Procedure is being issued which will provide that proprietors making application for the return of distilled spirits to bonded premises for immediate destruction shall modify Form 2612, Taxpaid Spirits Returned to Bonded Premises, by inserting in item 11, following the phrase "The returned spirits will be immediately:", the word "Destroyed." Such modification will be made until Form 2612 is appropriately revised.

Inquiries regarding this circular should refer to its number and should be addressed to the office of your Assistant Regional Commissioner, Alcohol and Tobacco Tax.

Ralph H. Alkire

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